

## CENTRAL AFRICAN REPUBLIC

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The Central African Republic (CAR) continues to experience political, social, and financial turmoil following the six-month civil war which ended in March, 2003, with the rebel leader, General Francois Bozize, declaring himself the new president. He set up a transitional administration, drawn from representatives of all political, religious, social, and professional affiliations in the country. Nevertheless, conflicts continue with militias, such as the Karaco, Balawa, and Saraoui, who fought in support of former President Ange-Felix Patasse during the various mutinies. In an effort to restore some stability, early in 2004 the cabinet approved a three-year disarmament, demobilisation, and reinsertion (DDR) programme that would largely be financed by the country's international development partners. Later, the government reached a compromise with former rebels following a shoot-out between army troops and rebels in the capital Bangui.

The CAR, with just over three million people and one of the lowest population densities in Africa, remains among the world's least developed countries, with a declining annual *per capita* income of US\$260. Payroll problems have been crucial and the half dozen coup attempts in as many years were often due to unpaid military wages. Many public-service workers remain unpaid after more than three years, and one government official has blamed this on the "generalised destruction of economic infrastructures". In an effort to be seen to help, the government cut salaries and allowances for ministers and other senior government officials by 30% in an effort to reduce state expenditure. This decision came in February 2004, just two weeks after a delegation of the International Monetary Fund, the World Bank and the African Development Bank (ADB) had completed a two-week assessment of the country's economic and financial situation.

The CAR is landlocked and situated on the northern edge of the Congo River Basin. It is bordered to the north by Chad, to the east by Sudan, to the south by the Democratic Republic of the Congo (DRC, formerly Zaire) and the Republic of the Congo, and to the west by Cameroon. The mineral resources of this primarily agricultural country include diamonds as well as deposits of uranium, iron ore, gold, lime, zinc, copper, and tin.

Reported sales of largely uncut diamonds make up nearly 60% of export earnings. Most mining in the CAR is limited to artisanal mining of diamonds and gold, mostly in the regions of Berbérati, Upper Kotto, and Sangha. About 80,000 autonomous artisanal miners form the base for mining activity in the country. Mining companies, in order to optimise their investment, often let such miners exploit large pieces of land within their properties. The artisanal miners sell their production to about 160 certified collecting agents who, in turn, sell this production to two purchasing offices located in Bangui.

It is reported that the mining sector in the CAR only contributes 4% to national GDP, although this figure is suspect owing to the amount of smuggling taking place. For example, official statistics indicate that the CAR produced around 360,000 ct of diamond in 2001-02, although Antwerp's diamond exchange alone records imports of approximately 900,000 ct. Since the UN embargo on 'conflict diamonds', the number of diamond-buying bureaux in the capital, Bangui, has mushroomed and dealers, undeterred by local upheavals, say that business is booming.

Under the current situation, President Bozize issues licences to mine or trade in diamonds, but it is an inefficient system and the government would much prefer formal mines instead of the country's traditional unlicensed prospectors. Consequently, new labour and investment codes are being instigated, as well as new rules for awarding licences and the establishment of a certificate of origin system. This has failed to encourage investors wary of the political instability in the country. However, in December 2003, the national transition council adopted a draft law involving the modification of CAR's mining code. The new legislation includes measures to fight corruption and the illicit traffic in diamonds, including the establishment of police units to patrol mining areas. The President's nephew, Sylvian Ndoutingai, has been serving as Mines Minister.

Gold is the other commercial hope for the CAR. Artisanal activity is focussed on two greenstone belts, Bandas and Bogoin-Boali, which yield about 1 t/y. On the exploration front, Canadian listed junior, Axmin Inc (formerly Asquith Resources Inc), a gold exploration company with properties across Africa including Burkina Faso, Mali, Ghana, Senegal and Tanzania, holds the largest land position, on an Archaean greenstone belt (probably an extension of the Kibalian belt in the DRC that hosts the Kilo-Moto gold deposits). Axmin holds a 100% interest in the 2,000 km<sup>2</sup> Bambari permit within which, exploration in the Passandro Project Area has delineated seven substantial gold targets within a 5 km radius.

These include the Main Zone and French Camp prospects where gold-bearing structures of economic significance have been identified by reverse circulation (RC) drilling. In the Main Zone, some 7,000 m of RC drilling have delineated 1.6 km of continuous mineralisation open at depth and along strike. There are multiple parallel gold zones over a 100-300 m wide corridor, with widths of 2-15 m and an average composite grade of 2.9 g/t Au. At French Camp, some 1,000 m of RC drilling encountered over 480 m of continuous mineralisation, open at depth and along strike, indicating multiple gold-bearing zones, over widths up to 15 m, and with average composite grade of 3.2 g/t Au. In the Baceta prospect, 3.5 km northwest of French Camp, 28 rotary air blast (RAB) holes were drilled on three lines to test a 1.2 km soil anomaly. At the Ngodo prospect, 2 km northwest of French Camp, 29 RAB holes drilled on two lines to test a 1.2 km soil anomaly identified a 20-40 m wide gold halo. At the Ngetepe prospect, 1.2 km southeast of French Camp, 18 RAB holes drilled on two lines testing an 800 m soil anomaly identified a 20-40 m wide gold halo.

The highly prospective ground and the prospect of a new Mining Code in the CAR could create a window of opportunity despite some of the regional unrest.

In February 2004, Axmin announced that four reconnaissance core holes confirmed the presence of new gold zones to the east of Main Zone and to the north of French Camp, all within the Passendro project area. East of the Main Zone, two holes were drilled on sections 120 m apart in a Banded Ironstone Formation (BIF) unit. The results included an intersection of 8.8 g/t Au over 9.0 m. The BIF unit is flanked by a 1,000 m long gold in soil anomaly within which Axmin is seeking one or more targets of French Camp dimensions. Follow-up drilling is planned. North of French Camp, on what is inferred to be the same BIF unit as the French Camp prospect, promising drilling results have been obtained from the Baceta and Ngodo prospects. Axmin considers that these results reinforce the belief that the Passendro project area hosts multiple zones of gold mineralisation within a five km radius, over and above those already found at French Camp, Main Zone and Katsia. The recent 30,000 m drill programme has focused on both systematic and exploration drilling across all of these prospects, as well as on additional targets that await their first drill holes.

A recently announced preliminary resource estimate for the Passendro project has been given as 457,000 oz averaging 3.5 g/t Au indicated, plus 143,000 oz at 3.4 g/t Au inferred. Drilling is now being restarted following the end of the rainy season. On its Pouloubou permit, the company has announced the discovery of a 7.5 km long zone of gold mineralisation.

Separately, Axmin's Topa iron ore discovery in the northern part of the Bambari property might attract a bigger partner for other ventures. The Bambari permit has been amended to include the exclusive rights to explore for both ferrous and base metals. Grab samples have returned an average content of 66.7% Fe, along with values of up to 0.6% for phosphorus, potassium, silicon, aluminium and manganese.

Other mineral possibilities in the CAR include salt, copper, tin, limestone, dolomite, manganese, uranium, kaolin (already exploited for brick-making at Bimbo near Bangui), kyanite, graphite, lignite, monazite, ilmenite and rutile. There are also nickel and chrome anomalies, and there is small-scale mining of quartz crystals.

Hydroelectric plants based in Boali provide much of the country's limited electrical supply. Fuel supplies must be barged in via the Ubangui River or trucked overland through Cameroon, resulting in frequent shortages of gasoline, diesel, and jet fuel. The CAR's transportation and communication network is limited. The country has only 650 km of paved road, limited international, and no domestic air service (except charters), and does not possess a railroad. Commercial traffic on the Ubangui River is impossible from December to May or June, and conflict in the region has sometimes prevented shipments from moving between Kinshasa and Bangui. The telephone system functions, albeit imperfectly. Four radio stations currently

operate in the CAR, as well as one television station. Numerous newspapers and pamphlets are published on a regular basis, and one company has begun providing an Internet service.